III.—GOVERNMENT BUSINESS.

PRESENTATION OF THE BUDGET FOR THE YEAR 1958–59.

MR. CHAIRMAN : The Hon. the Minister for Industries will now present the Budget for the year 1958–59.

THE HON. SRI R. VENKATARAMAN : Sir, I have the honour to present to this House the Budget Estimates for the year 1958–59 and the Revised Estimates for the current year. Copies of the Budget speech[a] of the Finance Minister are with hon. Members, and I shall only refer to the main features.

Since framing the Budget for the current year in last June, the revenue position has improved. As against a deficit of Rs. 333 lakhs anticipated for the current year at that time, the Revised Estimates show a small surplus of Rs. 5 lakhs. The Budget Estimates for 1958–59 on the existing structure of taxation show a deficit, though not large, of Rs. 105 lakhs. The improvement in the revenue account is mainly due to the award of the Finance Commission by which our share of Central taxes has increased by Rs. 174 lakhs in the current year and by Rs. 202 lakhs in the next year. There has been also a welcome upward trend in the receipts from certain items of revenue such as tax on motor vehicles, Central sales tax and land revenue.

But we should not expect this favourable feature to persist on the present pace of expenditure on development services. On Education, as against an outlay of Rs. 460 lakhs for the Composite State of Madras in 1945–46, we have now budgeted for Rs. 12·04 lakhs. The increase during the past twelve years has been nearly three-fold even though the area of the State has been reduced by one-half. Corresponding figures for some of the other welfare services reveal the same trend. During this period of 12 years, the expenditure has gone up from Rs. 29 lakhs to Rs. 233 lakhs on Harijan Uplift, from Rs. 19 lakhs to Rs. 60 lakhs on Rural Water-supply, from Rs. 41 lakhs to Rs. 164 lakhs on new roads, and from Rs. 74 lakhs to Rs. 256 lakhs on Agricultural Development. New Schemes like the National Extension Services, Rural Credit Organisations, soil conservation measures and forest regeneration programmes, have been introduced, and substantial appropriations are being made on them. But the needs of the people in an under-developed economy are many and we have not gone far enough to meet them. Obviously, the pace of expenditure would accelerate further and we must raise the necessary resources in order to balance the Budget and preserve the financial stability of the State.

The main taxation proposal for the year is the levy of agricultural income-tax on the lines of the enactment now in force for plantation holdings. The non-agricultural income will also be taken into consideration in fixing the slabs and the rates of tax on the agricultural income. The burden of this measure will fall mainly on those who have the capacity to pay. Liberal terms of

---

[a] Printed as Appendix III on pages 14–79 infra.

1st March 1958] [Sri R. Venkataraman]

compounding will be offered to the smaller assessees in order to save them the trouble of maintaining accounts. Only the larger landholders and those with substantial non-agricultural incomes will be compelled to keep detailed accounts. The yield from this levy may not be large, but now that we have decided to enforce a ceiling on future acquisition of land, it is just and proper that the fortunate few, who hold land in excess of the ceiling at present, should make some contribution towards the benefit of the common people. The proposed increase in sales tax on diesel oil from 10 nP to 35 nP per gallon will enable the State to appropriate a portion of the advantage which transport operators running diesel vehicles have over those running petrol vehicles. Petrol is already taxed at 37 nP per gallon, and there is little justification for the differential treatment accorded to diesel operators, considering that diesel gives about the same mileage as petrol and is about one rupee per gallon cheaper than petrol. The enhancement of entertainment tax is intended mainly to augment the resources of local boards since 90 per cent of the proceeds of the tax will be distributed to local boards. The abolition of the tax on all entertainments other than the cinema and the horse-racing is to give some encouragement to fine arts like music, dance and drama, and also to sporting events. There will be no further need for the organisers of various benefit performances to go through the formalities and trouble of obtaining exemption from the tax, and the Government do not propose to grant exemptions to any benefit cinema performance in future. The new taxation proposals may bring in a net yield of about Rs. 120 lakhs to the Government in the next year, and will convert the deficit of Rs. 105 lakhs in the Budget into a small surplus of Rs. 15 lakhs.

The Budget provides for an outlay of about Rs. 30·5 crores on schemes included in the Plan, of which about Rs. 12 crores are on Power Development. Fair enough provisions have been made to meet the increasing requirements of the various development services with special stress on schemes of agricultural development, small-scale industries and rural welfare. We shall be receiving the Central assistance in loans and grants to the extent of Rs. 18 crores, which means that the balance of Rs. 12½ crores of the Plan outlay should be met out of the resources of the State. We should indeed have liked to make larger provisions on some of the schemes especially on Power Development, but we have to accept the fact that we have already stretched our resources to the maximum. Perhaps, the wide publicity given to the foreign exchange crisis has diverted the attention of the people from the equally serious crisis in internal resources. As pointed out by the Finance Minister, the bulk of the schemes in the State Plan do not involve much foreign exchange and, therefore, we can implement our Plan in full if we put in a greater effort in mobilising the savings of the people. It is in this light that we have initiated the Small Savings drive in the districts. The target of Rs. 10 crores for the year may look ambitious, but we have already done about Rs. 6 crores, and the special drive is still on in some of the

[Sri R. Venkataraman] [1st March 1958

districts. Thousands of small agriculturists have contributed their humble quota, and their numbers have already exceeded 60,000 in each of the districts of Salem, Coimbatore and South Arcot. The industrial workers in Coimbatore mill-area and the agricultural labour in plantations have also come into the scheme, the employers making an initial advance, to be recouped from the workers in monthly instalments. Our District officials and several prominent non-officials have worked hard in this drive and I hope all hon. Members will join with me in recording our appreciation of their excellent endeavour.

It is indeed true that the efforts we have so far put in have not gone far towards establishing the Welfare State, but this should not make us despondent. We have recorded appreciable progress in many directions, and if I draw attention to some of them, it is not in smug satisfaction, but only to reassure ourselves that we are on the right track as an encouragement on the arduous onward journey. When we took over the Madras City Electricity System from the British Company about 12 years ago, the effective capacity of that worn-out plant was about 20,000 kilo watts. With the inauguration of a new generator early next month, we should have raised the capacity of the plant to about 80,000 kilo watts The additional power of 60,000 kilo watts has been sold out already to feed many large industries around the City like the Integral Coach Factory, the T.I. Cycles, the Tube Products, the Ashok Leylands, the Standard Motor Products, the Industrial Estates, etc., which have all added substantially to our industrial wealth and provided growing employment opportunities to the citizens in Madras. The installed capacity of all our hydro-electric stations in 1947 was less than one lakh kilo watts. The power generation was doubled during the First Plan period and we are now well on the way to a total installed capacity of half a million kilo watts. As against 150 villages electrified in 1947, power is available to-day in 6,000 villages running several cottage industries and about 60,000 pumpsets, and at the present pace of progress it may not be long before our Grid covers the entire countryside. The periodical power cuts are indeed annoying, but the huge thermal plant now taking shape at Neyveli will soon bring us lasting relief. Aided by cheap power from the Grid, the textile industry has made encouraging progress with an additional spindleage of about 15 lakhs and the cement industry has doubled its output. Many new sugar factories have been licensed in the co-operative and the private sectors, and some of them have already gone into production. We have also made a good start in the light engineering industries around Coimbatore and Madras. The lack of indigenous coal has been the major bottle-neck for rapid industrial advancement, but let us hope that the Neyveli lignite will soon prove to be an effective substitute and enable us to make a start on the basic steel industry. In the field of agricultural production also we have tangible achievements during the past few years. The Major and Minor works implemented so far have enabled us to extend irrigation over half a million acres and to stabilise the

1st March 1958] [Sri R. Venkataraman]

precarious supplies on vast extents. We have managed to step up food production from about 28 lakhs of tons in 1950–51 to 46 lakhs of tons in 1956–57, and thereby attained a fair measure of self-sufficiency in food. Favourable seasonal conditions have indeed helped us in this respect, but we need not under-rate the significance of our own efforts in this direction. The newly constructed irrigation reservoirs, hundreds of renovated tanks, thousands of electric pumpsets, for lift irrigation, increased application of chemical fertilizers, green manures, urban compost and improved seeds, have all helped us substantially in making fuller use of nature's bounty.

The accelerating pace of Capital Outlay in recent years has naturally increased the public debt of the State which now stands at about Rs. 101 crores involving an annual recurring charge of Rs. 566 lakhs towards servicing. But this should not disturb us in the least, because we have built up substantial assets, the benefits of which accrue to the people in an abundant measure. We have invested Rs. 70 crores on Electricity Schemes, Rs. 45 crores on Irrigation Works, and we have also lent about Rs. 32 crores to agriculturists and local bodies. The book-value of all our investments is more than Rs. 150 crores and exceeds the public debt by a handsome margin. Under these circumstances, the size of our public debt, far from being a source of anxiety, should be viewed as an indicator of our economic development and social progress.

With these remarks, Sir, I present to this House the Budget proposals for 1958–59. (Cheers.)

MR. CHAIRMAN : The House will now adjourn and meet again at 3 p.m. on Monday, the 3rd March 1958.

The House then adjourned.

IV.—PAPERS LAID ON THE TABLE OF THE HOUSE.

* 82. *Notification issued with G.O. Press No.* 4538, *Revenue, dated 7th December* 1957, *regarding amendment to the Madras General Sales Tax Rules*, 1939.

83. *Notification issued with G.O. Ms. No.* 3345, *Home, dated 23rd December* 1957, *regarding amendment to the Madras Motor Vehicles Rules*, 1940.

† 84. *The Madras Bhoodan Yagna Bill*, 1957 (*L.A. Bill No.* 15 *of* 1957), *as passed by the Legislative Assembly*.

† 85. *Statement XII showing action taken on assurances, promises and undertakings given during the Ninth, Tenth and Eleventh Sessions*, 1956–57, *of the Madras Legislative Council.*

‡ 86. *Notification issued with G.O. Ms. No.* 3980, *Industries, Labour and Co-operation, dated 3rd December* 1957, *regarding amendment to the Madras Factories Rules*, 1950.

* Sent by post on 20th February 1958.
† Sent by post on 25th February 1958.
‡ Sent by post on 26th February 1958.